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MANAGEMENT AUDIT

of the

CITY TIMEKEEPING OPERATIONS

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# CITY OF LOS ANGELES

CALIFORNIA



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MAYOR

April 12, 1982

The Honorable Council of the  
City of Los Angeles

The Honorable Tom Bradley  
Mayor of the City of Los Angeles

The Heads of all City Departments  
(Except Water and Power, Harbor and Airports)

Transmitted herewith is the Report on the Management Audit of the City Timekeeping Operations. The Audit was initiated in the normal course of events in furtherance of City Charter Section 53 for the purpose of examining operational compliance and evaluating the efficiency and effectiveness of the system.

We are recommending that a committee be established to oversee a pilot operation in the Bureau of Engineering to implement a new labor reporting system. We are also recommending a review by all department heads of various timekeeping reporting procedures and practices.

The Management Audit of the City Timekeeping Operations was supervised under my direction by John R. Coombs, Assistant City Administrative Officer, and Daniel J. McGowan, Chief Administrative Analyst. Members of the Audit Team were Raymond P. Summer and John J. Harris.

Very truly yours,

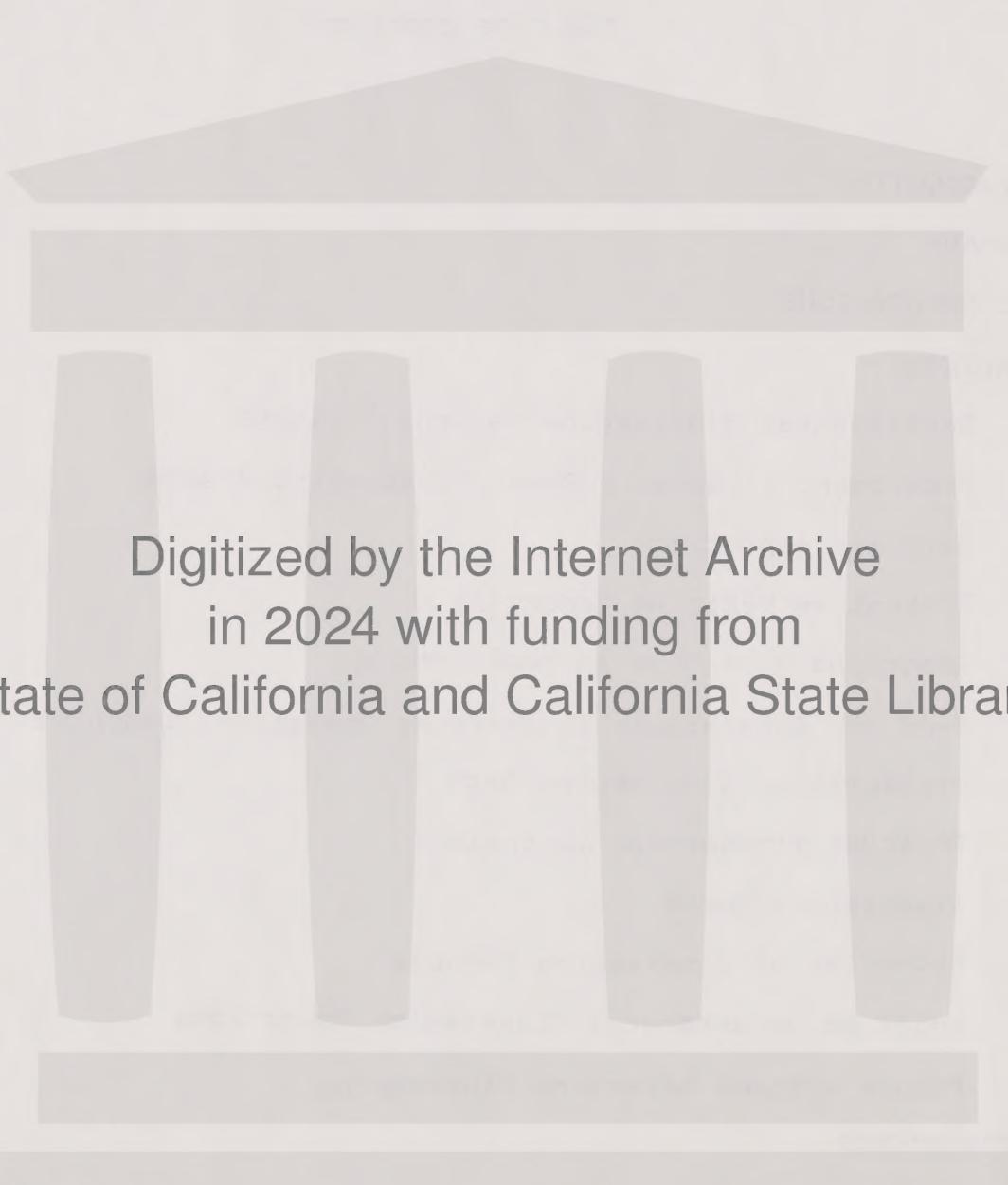
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## INTRODUCTION

This management audit of timekeeping operations was initiated by the City Administrative Officer in accordance with Charter responsibilities. During numerous management audits, it was observed that considerable variation exists in timekeeping practices among City departments. This Office believes that there may be considerable potential for the transfer of innovative and desirable procedures from one department to others.

Timekeeping operations, also referred to as labor reporting, can be defined as the routines and procedures required to interpret, classify, and originate source records of hours and type of activity performed relating to an employee work or non-work situation. In the City, basic labor reporting information is needed for three major purposes - employee payroll reporting, project cost reporting, and budgeted vs. actual labor performance reporting.

Employee payroll reporting requires the accurate recording of hours and conditions worked by each City employee subject to Federal, State and City requirements concerning deductions, wages, and hours. Payroll labor reporting requirements include information on such items as straight-time or overtime work, skill rates, special job salary rates, personnel information, and time off situations such as vacations, sickness and other absences.

Project cost reporting requires the recording of employee hours worked and activity codes which relate to detailed descriptions of the type of work performed. Accurate labor reporting is necessary for the City to obtain reimbursement for project expenditures. For example, in 1980-81, approximately \$160 million in Federal and State grant projects was administered in City departments. In addition to grant and project cost accounting, many City managers require time and labor activity information concerning operations for which they are responsible.

Labor performance reporting requires City departments to account for actual labor-hours and work accomplished measured



against budgeted labor-hours and work planned. Performance reporting can be measured by program, organization, or work task.

Generally, a good labor reporting system should: provide an accurate record of employee hours worked or not worked; be economical to administer; satisfy requirements of the City, State and Federal governments; permit a detailed record of work performed on projects; and provide a means for measuring actual labor performance against budgeted performance.

In the course of this audit, all City departments were surveyed, including the independent departments of Airports, Harbor and Water and Power. Their full cooperation and positive interest for improvements were expressed. Also, we appreciate the assistance provided by the Los Angeles County Auditor-Controller's Office and the County Road Department.



## SUMMARY

Control over departmental timekeeping practices has not received very much management emphasis over the last few years. Differences in interpreting and recording employee time exist within departments, as well as between departments. Separate labor accounting systems for project cost accounting and payroll are costly, and unnecessary in light of today's computer technology.

Three basic conclusions resulted from this audit;

1. Needless and costly duplication exists in labor reporting between the Engineering Cost System and the Payroll System. With the exception of two data items--functions and project identification--labor reporting for the Engineering Cost System and the Payroll System are the same. Yet these two systems require separate data input documents and separate input into the computer. Extensive prior pay period adjustments are made to the labor entries in the Payroll System, but none is made to the labor entries in the Engineering Cost System after the weekly time sheets are submitted. Because of the two separate labor data bases, direct labor reporting in the Payroll System varies from the direct labor in the Engineering Cost System and does not insure that the City is recovering all reimbursable direct labor from grant projects.
2. Interpretation of common Administrative Code provisions affecting timekeeping practices varies considerably among City Departments. Administrative Code provisions, Memoranda of Understanding, Executive Directives, and Departmental Personnel Ordinances need revision to provide direction in interpreting employee work and non-work timekeeping situations. For example, some departments do not allow overtime payments for periods under an hour, but others allow overtime payments for overtime periods as small as six minutes (0.1 hour). Some departments do not record paid absences allowed for preventive medicine and family illness. Some departments allow paid overtime after unauthorized absences, although the Code does not allow it. Either the Code or the practices must be changed to insure compliance.



3. Improvement to the City's labor reporting problems will not occur until an integrated approach, as prescribed in the City's Integrated Systems Plan, is adhered to in developing data processing systems for labor reporting.

The Controller's Office is responsible for the City's payroll system, but project cost systems are the responsibility of individual City departments. This arrangement has resulted in separate systems which report employee labor in the City.

Organizations such as the Departments of Airports, Harbor and Water and Power, the City Administrative Office, and the County of Los Angeles have already combined into one timekeeping document the labor timekeeping information required to supply payroll and project cost accounting.

The Department of Water and Power has installed a single computerized labor reporting file which supplies information to payroll and project cost accounting systems. This audit recommends that the City adopt the concepts of that system.

Conformity to a single set of timekeeping rules is the ideal situation, but there are a great many characteristics of City operations that stand in the way of standardization. Timekeeping standards are different for office workers, custodial workers, police, fire, and sanitation workers. While the Mayor and City Council have approved changes in the City's personnel ordinances, MOU's allow for work differences in various City operations. This audit reveals that substantial variations exist in nearly every City department on interpreting and applying those code sections where the Mayor and City Council have not authorized changes.

A draft of this report was reviewed by the Data Service Bureau and the Office of the Controller. Their comments have been taken into account in preparing the final report. The Data Service Bureau felt that a pilot timekeeping project should be located in the Bureau of Street Maintenance rather than Engineering. We believe that financial constraints make Engineering the most cost-effective choice. The Controller's Office preferred to await the completion of the Arthur Young and Company study of the Financial Management Information System before starting a pilot project. Because the proposed Clean Water Grant Program Accounting System must be implemented in any case, we believe that it should serve as a pilot timekeeping project.



## RECOMMENDATIONS

It is recommended that the Mayor and Council:

1. Instruct the City Administrative Officer in cooperation with the Board of Public Works, the City Engineer and the Data Service Bureau to establish a committee to oversee a pilot operation in a division of the Bureau of Engineering using labor reporting system concepts described in this report and which would include the following:
  - a. a single labor reporting file which would contain labor information required for payroll, project cost accounting and labor performance reporting;
  - b. a division-controlled computer terminal system which will allow daily submittal of labor information into the labor reporting file;
  - c. a software program which will reduce to an absolute minimum the keypunching required by allowing for the selection of payroll and project data items from a preselected "list" of payroll and project data appearing on a CRT screen;
  - d. a year-to-date "Employee Time Attendance Record" produced by the computer instead of the current method of manually posting to an employee record;
  - e. project and function identification codes on labor correction and adjustment notices so that corrections currently made in the payroll system can be made to the City's project and grant cost accounting systems;
  - f. a cost benefit analysis of the pilot operation in order to determine its expansion possibilities in the City.

Note: The Clean Water Grant Program Cost Accounting System planned for the Bureau of Engineering appears to be the best pilot operation because the City must develop such a system to meet Federal requirements.



2. Request the City Administrative Officer's Management Audit Staff and the Controller's Internal Audit Staff to increase the emphasis on evaluation of timekeeping effectiveness as part of their ongoing audits.

It is recommended that the Executive Employee Relations Committee be requested to consider the following as bargaining positions for the City:

3. Amend Administrative Code Section 4.113-Overtime for Regular Employees to provide:

- a. That no cash payment shall be made until an initial period of one-half hour of overtime work consisting of a full thirty minutes has been performed. Any cash payment or credit for time off for overtime worked in excess of thirty minutes shall be allowed only in units of one-tenth hour consisting of a full six minute period, unless otherwise specifically authorized by the Council.
- b. That employees may take time off for accumulated overtime earned in increments of one-half hour.

4. Clarify sick leave and overtime provisions as follows:

- a. Consider amending Section 4.126-Allowance for Sick Leave to eliminate the eight hours per year "preventive medicine" allowance and charge the time used for that purpose as regular sick time.
- b. Consider amending Section 4.128-Method of Reporting Sick Leave to read, "All sick leave allowances under this Article shall be charged in increments of one half hour".
- c. Consider revising Administrative Code provisions governing general working rules, sick time usage, Overtime, holidays and bereavement leaves to make them uniform where feasible so that these have equal applicability on all City employees.
- d. Consider amending provisions contained in the current Memorandum of Understanding and Departmental Personnel Ordinance for the compensation for overtime worked by the employees of the Bureau of Sanitation Refuse Collection Division to bring these provisions into conformance with practice.

It is recommended that the Heads of all City Departments:



5. Review and insure that current payroll and timekeeping records retention practices are in compliance with Division 12 of the Administrative Code.
6. Review overtime practices to insure that overtime is earned in accordance with Administrative Code Section 4.113-Overtime for Regular Employees particularly in the following items:
  - a. Employees are not to earn overtime on a daily or weekly basis if uncompensated absences occur during the workweek.
  - b. No overtime for pay shall be earned until the initial minimum overtime period has been worked.
7. Provide copies of Overtime History, Sick Leave, and Vacation Reports to the division level of the organization.
8. Provide supervisory and timekeeping personnel an operations pamphlet which summarizes the City's timekeeping rules, practices, codes, laws, and other provisions. This pamphlet shall be approved by the Controller.
9. Work with the Controller to implement an alternate procedure which allows for the submittal of currently produced divisional Weekly and Biweekly Crew Time Sheets directly to data entry instead of requiring that this same information be transcribed onto "Payroll/Reimbursement Work Sheets".
10. Investigate the elimination of departmental employee journals to record sick leave balances, overtime balances, vacation balances, etc., in lieu of using existing Controller produced reports.

It is recommended that the Controller:

11. In cooperation with departmental and CAO forms control officers, revise timekeeping forms to have blocks large enough to accommodate handwritten entries and order the forms printed with green ink.



## FINDINGS

### DEPARTMENTAL TIMEKEEPING RESPONSIBILITIES

The first responsibility for accurate determination and reporting of time worked or not worked is usually with the first level supervisor in City departments. Division 4, Chapter 4 of the Administrative Code entitled "Payroll and Reimbursements" prescribes the procedures for the preparation, certification, and approval of payroll reimbursements. Briefly stated, each officer or employee authorized by the Charter to expend funds of a department shall certify to the Controller that each person listed on the payroll work sheets was lawfully employed during the salary period shown. Also, "each person either worked during such period, in performance of duties of his position, the number of hours set opposite his name or was legally entitled to compensation on the basis of the hours listed, or was legally entitled to pay during the period for vacation, sick time, injury on duty, or legal holiday allowances. Any overtime payments or allowances of time off for overtime included in this payroll are for overtime ordered and worked in the best interests of the City..."

To assist in recording time the Controller has issued a variety of timekeeping forms which are provided to each department for recording employee time on and off the job.

Employee time is recorded on an official timekeeping form each day by the department based on the following:

- a) Individual time reports signed by the employee and supervisor and submitted daily, or
- b) Daily group time reports signed by the supervisor in whose presence the listed employees worked, or
- c) Daily entries by a timekeeper based upon visual verification of employee presence on the job,
- d) Periodic individual or group time reports on which daily entries are made by the individual, timekeeper or supervisor.



The timekeeping entries on these timekeeping forms provide the basis for completing the Payroll/Reimbursement Worksheets used for employee payrolls. These worksheets are standardized for all City departments even though the information posted to them is obtained from a variety of departmental timesheets. Very rigid schedules are imposed on City departments to complete the official Payroll/Reimbursement Worksheets with the required codes to meet payroll obligations.

Unfortunately, the City's payroll system does not provide employee labor hours for project cost reimbursement purposes. The payroll system only accounts for the fact that the employee worked or did not work and is entitled to be paid; there is no indication of the functions or projects on which the employee worked.

For about 5,000 City employees, a separate additional labor reporting system is used to report labor charges to projects. These employees use a Weekly Time Report, containing the same labor information as supplied to the payroll system, but including a function code and a project code.

The two labor reporting documents, one for payroll and the other for project cost accounting are processed and keypunched separately. Extensive prior period corrections are made to payroll records, but labor errors reported on project sheets are not corrected. Thus, there are differences between labor costs reported on the payroll system and the labor costs used for project cost accounting.

Modern labor reporting systems require that only one timekeeping document be used by employees and labor information on that document supply data to both payroll and project cost accounting systems. Also, labor adjustment and corrections are made to both systems.

The County of Los Angeles, Department of Water and Power, and Department of Airports all have single timekeeping sheets for recording labor for payroll and project cost purposes.

We believe that errors in labor reporting should be corrected in the project cost system as well as the payroll system. The effect of not having accurate direct labor reporting concerning millions of dollars of grant projects is not known, but one recent sample indicated that unmatched direct labor charges amounted to about \$1 million a year.

Over the years, the City's grant labor reporting practices have been described as deficient in many independent audits of the City's financial systems. For example, in the 1978 "Review of Grant-in-Aid Accounting and Reporting Systems," by Coopers & Lybrand-Wilfong & Company, it was stressed that inadequate timekeeping procedures of the City may be preventing



reimbursement for all grant project expenditures and costs which are chargeable to the grantor agency. For example the report states:

"A major problem in achieving a high degree of demonstrable (to H.E.W.) accuracy in allocating all eligible costs to grant programs is being able to pinpoint all labor costs incurred "in support of" grant projects. We know of one area where all eligible costs are not included and we suspect there may be other occurrences of the same nature".

"Although the costs so incurred in the Treasurer's Office are small, the case serves to illustrate the point that without full knowledge of how all employees spend their time, the City can never be certain that all eligible labor and associated costs are being claimed against grant projects. In view of the immense cost of the payroll, certainty has now to (sic) become the objective and on a cost benefit basis it could be easy to justify a high cost against the potential benefits.

"It was our immediate impression on commencing this engagement that tight control of labor expense would probably be the most constructive step that the City could take towards ensuring that all eligible costs would be recovered. It then became apparent that this could probably be achieved by requiring all City staff to complete time sheets to record the activities on which they spent time. Since then we have discovered that many of the departments and bureaus already require their staff to submit time reports. In many cases this is done in areas where there is an existing grant contract.

"We feel that a thorough review of all the City's departments would provide a list of areas where grant contacts could be expected and those departments could then be required to account for their staffs' time. The data captured would require to be processed on a computer-based system because of the volume involved but would be capable of integration into a computer-based system for allocating all costs.

"Such a system when implemented would be capable of constantly updating departmental cost rates to ensure that all eligible costs were being identified and charged at the full rate at which they were incurred. It would also enable the Council to monitor the general efficiency and cost



effectiveness of all departments regardless of their involvement in grants.

"We believe that if the two problems identified above were addressed and incorporated into a viable City-wide accounting and reporting system the Council could have a high degree of confidence in its ability to identify and recover all costs associated with grant programs. We strongly recommend that the Council should consider implementing a detailed feasibility study into how these objectives can best be achieved".

The Audit Team supports the consultants' findings and their recommendations to implement an improved grant project accounting system. Such a system should have a high priority in the design of the City's Integrated Financial Management Information System. The recommendations made in this report are intended to be evaluated and hopefully implemented in the City's new Integrated Financial Management System. See Recommendation No. 1.



## DEPARTMENT OF WATER AND POWER TIMEKEEPING SYSTEM

The DWP Timekeeping System provides for the daily recording of employee project, function, and payroll hours timekeeping information on a single document. This information is then fed into the computer using CRT terminals located throughout the department. Once captured, this information is fed to the payroll system, and into a cost accounting system which produces budget performance reports and project cost accounting information. Over 60 data terminals are located throughout the department.

The system is preprogrammed with payroll and project information that requires that only "exception" data be added to the daily employee timekeeping record. If employee activities and time worked on those activities remain the same as the previous day no change to the daily record is required. The "exception" principle is the same as exists in the City's payroll system where adjustments are made only if there are changes to an already preprogrammed 80 hours pay for each employee.

In 1972 the Controller tried to incorporate labor cost and project information into the existing payroll system which necessitated the keypunching of all payroll and project time information on each employee's time report. The huge amounts of timekeeping data created by City departments and its resultant keypunching overwhelmed the Controller's personnel. The experiment was not successful.

The Controller has since returned to processing the payroll as a singular system, without project activity data. Most City departments have since initiated separate project and labor-hour distribution systems which operate independently of the payroll system. These project reporting systems duplicate much of what is already entered into the payroll system.

The DWP Timekeeping System has incorporated two important features which have overcome the weakness which caused the 1972 City experiment to fail. These features are:

1. A department-wide terminal network, comprised of over 60 data terminals which are located in the divisions allowing personnel to enter and verify daily employee labor-hours and project activities.



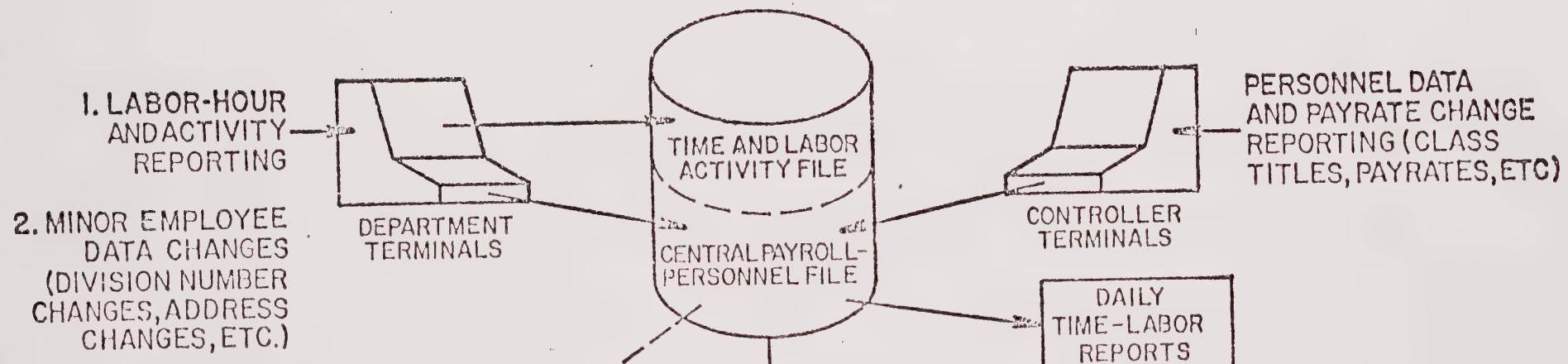
2. The use of the "exception" principle for reporting project activity data which requires that only the "changed" information be entered. If the employee is still working on the same project activities as the previous day, no change is made to the preprogrammed entries already in the computer.

Preliminary evaluations of the DWP Timekeeping System by the Audit Team indicate that the basic components used are the same components the City should use in its Integrated Financial Management Information System. The concept of permitting departmental personnel to enter daily employee timekeeping data into a common source data file with remote terminals should be adopted by the City. Information in the common source data file should include the required information for payroll, project reporting, and labor performance reporting. Establishing this timekeeping system should be adopted and implemented as a top priority in the City's new financial system. See Recommendation No. 1.

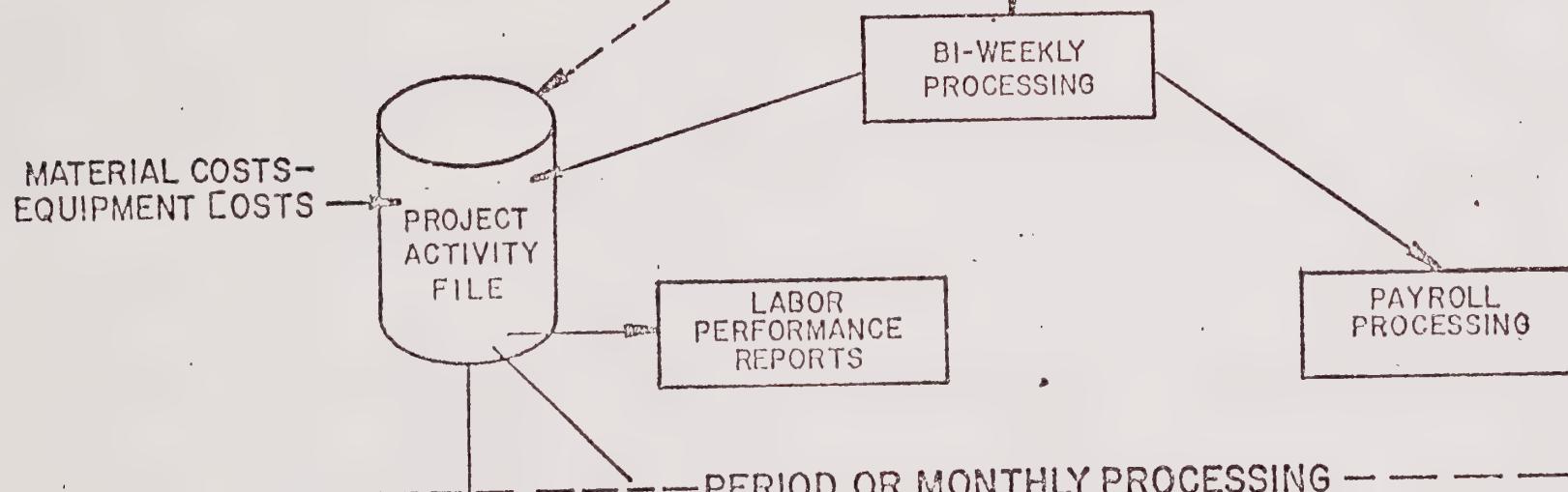


# CONCEPT FOR CITY TIMEKEEPING SYSTEM

## DAILY PROCESS



## BI-WEEKLY PROCESSING

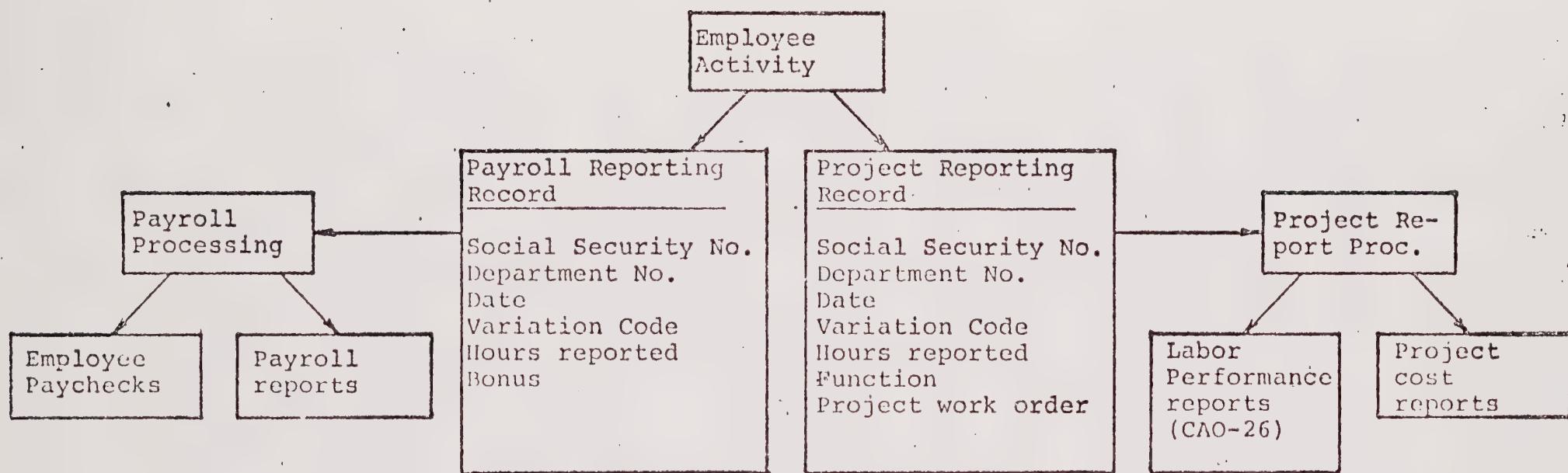


## PERIOD OR MONTHLY PROCESSING

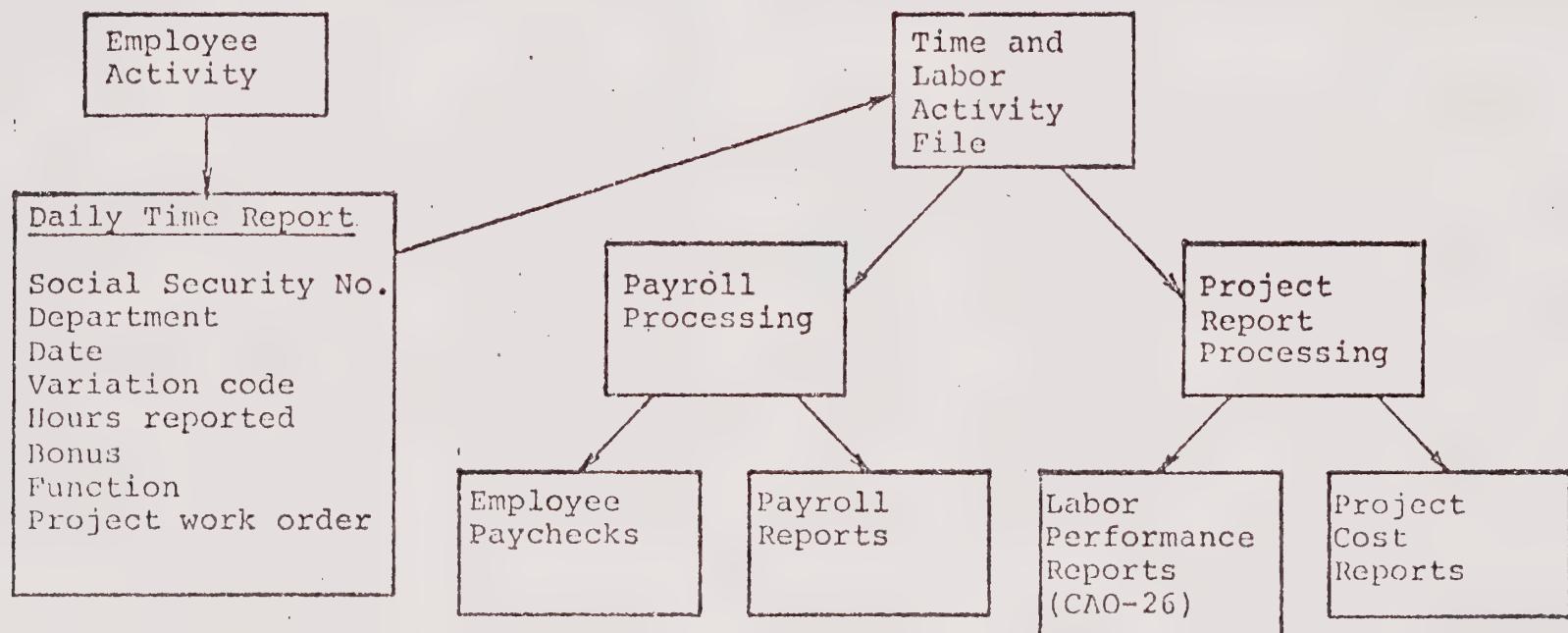




CURRENT TIMEKEEPING PROCEDURES



PROPOSED TIMEKEEPING PROCEDURES





## OVERTIME REPORTING

### Minimum Time Worked For Overtime Credit

Section 4.113 of the Administrative Code provides that no cash payment shall be made for overtime until an initial period of one full hour is worked. However, the code is silent as to the minimum amount of overtime to be worked for compensation in time off. Because of this, credit for overtime worked in compensated time off is applied differently in many City departments.

Since the Administrative Code allows cash payment for overtime to be earned in increments of one-tenth of an hour past the initial period of one full hour, many departments allow overtime to be earned in initial increments of one-tenth of an hour for compensation in time off.

This practice is especially widespread throughout the Police Department. The Police Department Payroll Procedures Manual states that "all overtime will be reported in tenths of an hour"; this is in conflict with the Administrative Code and the current Police Memorandum of Understanding (MOU). The current Police MOU states in Article 11 that "overtime shall be hours worked in excess of the normal workday or in excess of the total number of hours included in regularly scheduled duty days during a deployment period".

The normal practice in the Police Department is to compensate overtime under one hour in time off only, and overtime worked in excess of one hour in either time off or cash.

We have found evidence of many other City departments compensating overtime worked for as little as one tenth of an hour in both cash and time off while other departments adhere strictly to the one full hour policy before providing any compensation. In order to eliminate the inconsistency in the interpretation of overtime provisions throughout the City, Section 4.113 of the Administrative Code should be amended to provide for a minimum one-half hour of overtime worked for compensation in cash, to conform more closely with practice. Because compensation for overtime is mandatory, it is not advisable to establish a minimum time for compensation in time off.

The current requirement for an initial period of one full hour of overtime worked goes back many years and appears to



have been patterned after a similar requirement in the County of Los Angeles. However, we have found that the County currently requires only an initial period of one half hour to be worked for overtime credit, to be compensated in either time off or cash.

We believe that a similar requirement for cash compensation would be beneficial to the City. It would allow employees to legally earn credit for any overtime worked for an initial period of between one half hour and one hour, thus eliminating the tendency to round up to one full hour for overtime worked that is less than one hour. See Recommendations 3a and 6b.

Interpretation of Minimum Overtime Worked for Compensation Practices in Refuse Collection

It is the current practice for employees working refuse collection in the Bureau of Sanitation to request and receive paid compensation for as little as one tenth of an hour of overtime worked in excess of eight hours in any one day. It is also common practice to credit these employees when overtime is earned on one particular day although the same employee may have had an unauthorized absence in the same work week and his total work hours do not exceed 40 hours.

The Memorandum of Understanding regulating overtime compensation for refuse collection employees states that all overtime compensation shall be in accordance with Administrative Code Section 4.113. This section states that no cash payment shall be made for overtime worked for an initial period of less than 60 minutes, and no overtime shall be earned unless such employee has worked 40 hours during that particular week. However, Section 1.8 of the Departmental Personnel Ordinance for the Bureau of Sanitation states that compensation for overtime shall be allowed for time worked in any one day in excess of eight hours.

These two documents appear to be in conflict with each other. It appears that the intent of the wording of the Departmental Personnel Ordinance is to compensate refuse collection employees for overtime worked in excess of eight hours in any one day because of the provision that allows these employees to work undertime. Undertime is the term used when a refuse collection employee completes his assigned collection route in less than eight hours, but is paid for the full eight hours and therefore may not necessarily actually work 40 hours per week.

We do not believe that it is in the City's best interest to pay overtime one day while during the same week the same employee has been on an unauthorized leave of absence. Therefore, the overtime provisions contained in the Memorandum of Understanding and the Departmental Personnel Ordinance for the



refuse collection employees should be clarified and the Bureau of Sanitation management instructed to ensure that such provisions are followed. See Recommendations 4d and 6a.



## PREVENTIVE MEDICINE REPORTING

Section 4.126 of the Administrative Code provides an allowance for sick leave with full pay, not to exceed eight hours per year, for the purpose of preventive medicine, dental, optical or other like treatment or examination.

The preventive medical allowance is not in addition to the regular sick leave allowed each employee, but must be taken off against the employee's 100 percent regular sick leave allowance. If an employee does not have any 100 percent sick leave allowance, then time off for preventive medicine must be taken off against the employee's vacation time, accumulated overtime, or for non-pay.

We have found that the preventive medicine allowance is applied quite differently throughout the City. While some departments strictly enforce the provision, others totally ignore it. Those departments which ignore the provision, cite as the main reasons that the definition is unclear, and the provision is difficult to enforce and to control.

The interpretation of preventive sick leave is not uniform throughout the City. While some interpret it to mean any visit to a dentist, optometrist or optician, others interpret it based on the purpose for which the visit is made.

In 1972, the City Attorney issued a formal opinion regarding the distinction between "regular" sick leave and "preventive" sick leave. In the opinion, the Attorney states that the type of sick leave which is appropriate depends on the purpose for which the visit is made. Regular sick leave is to be used when an employee obtains advice, examination or treatment which is primarily curative in nature (i.e., if related to a presently existing condition). Preventive sick leave is to be used when an employee obtains advice, examination or treatment which is primarily preventive in nature (i.e., does not relate to a presently existing condition).

Although the opinion contains several examples of the distinction, the Attorney states that there is no hard and fast rule which can be applied in all instances and leaves the burden of interpretation of the appropriate type of sick leave to the departments.



Due to the lack of a clear definition of preventive medicine, and because the preventive medicine allowance comes out of an employee's regular full-pay sick time, many employees, as well as timekeepers, ignore the preventive medicine provisions and charge all sick time against the regular sick leave allowance.

Control of the preventive medicine allowance has also been a problem. A record of the balance of hours of preventive medicine that an employee is entitled to does not appear on the paycheck stub. Therefore, unless the employee or the timekeeper keeps separate records on such usage, many employees tend to exceed their allocated eight hours per year. When this occurs, the computer system rejects the time, and the employee's paycheck is docked. What usually happens then, is that the employee complains and an adjustment is made in a future pay period to substitute regular sick leave for the rejected preventive medicine leave.

We are also aware of cases in which employees who require further preventive medicine treatment and are aware that they have exhausted their allocated eight hours, simply take the time off on regular sick leave to avoid their paychecks from being docked.

Because of the wide-spread ignoring of the preventive medicine allowance and the lack of a clear cut definition and adequate controls, it is recommended that the provision be eliminated and such time be charged against the employee's regular sick leave allowance. See Recommendation No. 4a.



## REPORTING SICK TIME IN WHOLE HOURS

Section 4.128 of the Administative Code states that for the purposes of payroll reporting, all sick leave allowances shall be charged in increments of whole hours.

During the course of this audit, several timekeepers indicated that it would be preferable to be able to charge sick time in increments of one half hour instead of full hours. This would enable the time records to more accurately reflect the actual time taken off when an employee leaves work early due to an illness or for preventive treatment.

The most common practice now, in such cases, is to either round up or round down to the nearest whole hour for the purpose of reporting into the payroll system, and then record on a supplemental record that either the City owes the employee time or the employee owes the City time.

Discussions with members of the Controller's staff indicate that reporting time in half hours would not create additional problems in the recording or processing of such data within the payroll system. The only area that would require modification is in the printing of the data on current City payroll records. Currently, the computer-produced sick leave reports and paycheck stubs show the sick leave balances in whole hours only.

We believe that the reporting of sick time in half hour increments would be beneficial in that it would simplify timekeeping procedures. The Controller and Data Service Bureau should therefore modify all payroll reports to enable sick time usage and balances to be shown in half hour increments. Administrative Code Section 4.128 would need to be amended to allow such reporting. See Recommendation No. 4b.



### NEED FOR A SUPERVISORY TIMEKEEPING OPERATIONS PAMPHLET

Departmental supervisory personnel in many instances are unaware of all regulations, policies, code provisions, and directives governing the interpretation and application of timekeeping practices. Formalized training on timekeeping practices is not provided to City supervisory personnel.

The interpretation and application of standard City rules affecting employee time worked or not worked varies between City departments and even between supervisors in the same organization. For instance, some supervisors still maintain "unofficial" overtime records separate from the formal overtime timekeeping system provided and required by the Controller.

Some supervisors require a doctor's certificate after an employee has been ill for three days while others do not require a certificate even when an employee is ill for longer periods of time. Others do not record sick leave for family illness or for preventive medicine.

Since the interpretation and verification of employee time is a universal and required act for all City supervisory personnel, training and easily obtainable material governing timekeeping practices should be provided to all supervisory personnel. See Recommendation No. 8.



## TRANSCRIBING TIMEKEEPING DATA

In most City departments, original timekeeping information is often transcribed up to two and three times before it is sent to the Data Service Bureau for key punching. Transcribing data so often is time consuming, costly, and may result in errors.

The sequence most commonly used for recording employee timekeeping information is: Individual employee timekeeping data is recorded daily either by a designated timekeeper, the employee, or by the supervisor using a variety of departmental forms, time cards, or time books. This timekeeping data is then transferred onto a Controller's form entitled Weekly Crew Time Sheet (see Attachment No. 7). After two Weekly Crew Time Sheets are completed for a bi-weekly cycle, timekeeping data from crew time sheets is transferred onto another Controller's form entitled Payroll/Reimbursement Work Sheet (see Attachment No. 8). This final worksheet is then submitted to the Data Service Bureau for subsequent key punching.

We believe that considerable savings would result and fewer errors would occur if key punching were accomplished from the original Weekly Crew Time Sheet. For example, in the Police Department it takes approximately 17 people three days to transfer timekeeping information from completed divisional crew time sheets onto the Payroll/Reimbursement Work Sheet. Other urgent accounting work is delayed while this massive transcribing exercise takes place every two weeks.

Currently, the Department of Recreation and Parks is the only department which has permission from the Controller to submit Weekly Crew Time Sheets directly into key punch instead of requiring the transcription of the same information onto Payroll/Reimbursement Work Sheets. Thus the extra step of transcribing data is eliminated. Data Service Bureau key punch personnel see no problem with the procedure.

Some Department of Public Works Bureaus and the Department of General Services use a "Daily Time Sheet" (see Attachment 1). This daily time sheet is sent to key punch after the daily timekeeping information is transcribed to a bi-weekly "Time Report".



Daily key punching requires considerable additional effort when compared to key punching the same information in summarized form from a bi-weekly crew time sheet. For example, a person who is on a two week vacation and whose time is recorded on a Daily Time Sheet requires 10 additional daily items to be key punched and key verified. The same information, if summarized on a bi-weekly time sheet would only require two individual summary line entries be key punched (see Attachment 7 and 8).

We believe the current Weekly Crew Time Sheet can be improved for use as a key punch document by including a summary section for timekeeping data similar to that already used on a Payroll/Reimbursement Work Sheet. Departmental managers should work with the Controller to implement a procedure for allowing original Weekly Crew Time Sheets to be used as key punched documents. See Recommendation No. 9.



## EMPLOYEE TIMEKEEPING JOURNALS

Nearly every City department maintains employee journals which are used to record of sick leave balances, overtime balances, vacation balances, floating holiday taken, etc. (see Attachment 9). This same information is already stored in the computer from which regular reports are provided by the Controller. Two of these reports are: "Biweekly Sick Leave and Vacation Roster", and "Overtime History Report by Individual". Vacation balances, sicktime balances, and overtime earned are also indicated on employee paycheck stubs.

Since the posting onto these employee journals is not carefully controlled, information varies with the official timekeeping records. Departmental forms and the type of information posted on them varies among City departments. No known official standards or guidelines exist governing the maintenance of these records. The Controller's Office states that with the implementation of computerized timekeeping reports which are now planned employee journals should be eliminated. Continued use as employee records is questionable.

Various computer timekeeping history reports provided to each department list all of the employees in alphabetical order. These reports could however, be provided listing the employees by division. Such reports would be useful to some departments which have a number of district yards or offices that have large timekeeping operations. These reports should be distributed to and used by the divisional timekeepers to answer employee questions regarding current overtime, sick leave and vacation balances and could eliminate the need to maintain the employee journals.

Department managers should therefore investigate with the Controller the distribution of copies of the various computer reports to the divisions, and in light of the availability of such reports, investigate the validity and rationale for maintaining employee journals. See Recommendation No. 10.



## TIMEKEEPING FORMS

The most frequently used timekeeping forms are difficult to use because spaces are too small for hand printed entries and the black lines on the forms make it difficult to read the recorded data. The current timekeeping forms contribute to errors.

Even though some departments still type timekeeping data, the most frequent practice is to print data by hand. This seems to be quicker and less costly.

Current timekeeping forms are printed in heavy black ink instead of the light green ink traditionally used for financial and accounting forms.

Departmental Forms Control Officers, the Controller, and the City Administrative Officer Forms Control Officer should work together to improve timekeeping forms. See Recommendation No. 11.



## RETENTION OF TIMEKEEPING RECORDS

Most City departments have not established a records retention schedule for their timekeeping records. During the audit, many departmental timekeepers indicated to the Audit Team that they were not informed as to official retention policies affecting timekeeping records. Many City departments are retaining records which may be duplicates or which they believe are official yet are not required as part of the City's official payroll or project reporting systems. This serves to decrease efficiency by utilizing file space either in the departments or at the City's Records Retention Center.

Although some departments send records to the City's record storage center after retaining them in the department, for two years one City department kept all of its timekeeping records for seven years at its division work site, even though these same records are duplicates of others which were forwarded to central headquarters for retention.

Administrative Code Division 12 describes procedures for the departments to use in the maintenance, preservation, and destruction of official records. Departments should insure that their retention practices are in compliance and do not exceed the Code provisions. Since many departmental timekeeping records feed into systems controlled by the Controller, the City Administrative Officer, and Bureau of Accounting, assistance from these organizations should be obtained in establishing departmental records retention programs. See Recommendation No. 5.



## AUDIT OF DEPARTMENTAL TIMEKEEPING OPERATIONS

In many instances management control over departmental timekeeping practices has become lax. Differences in interpretation and recording of employee time within departments, as well as between departments, may have a negative effect on the employee as well as on the City.

Basic responsibility for interpreting and recording employee time lies with departmental management. Payment for City labor represents approximately 85% to 90% of a typical department's expenditures. Many departmental managers assign new and untrained personnel to timekeeping duties within their departments.

Recent Memoranda of Understanding (MOU) greatly affect timekeeping practices and complicate the job of recording time adequately. There are differences in the application of bereavement leaves, family illness leaves, preventive medicine absences, and time off for personal business for City employees. Some employees are entitled three days with pay to attend funerals of their grandparents, step-children, and step-parents, others are not; some employees are entitled to 16 hours of 100 percent sick leave to secure preventive medical treatments, while others are only entitled to eight hours; some employees are entitled to seven days for leave of illness in the family while others are only entitled to five days; and some employees are entitled to 24 hours of their sick leave a year for attending personal business while others are not to use sick leave for personal business. These general provisions should be equally applied to all City employees. See Recommendation No. 4c.

As noted in other sections of this report, various departments are not applying the Administrative Code provisions in the areas of sick time and overtime applications. The Code provides that any unusual operating requirements of departments which require different rules and regulations should first be submitted to the Mayor and City Council for approval. A method is needed to quickly correct Code violations.

The City Administrative Officer Management Audit Team and the Controller's Audit Section generally review timekeeping practices in departments, but a more intense effort appears necessary to improve timekeeping operations in the City. Future audits will emphasize this area.



The Controller's Audit Section is considering a plan to make regular unannounced spot audits of timekeeping practices in City departments. We believe that this sampling technique should correct timekeeping deficiencies before they are well established. See Recommendation No. 2.



### FUTURE SYSTEMS AFFECTING TIMEKEEPING

The City Council has approved a contractor to assist in the development of the City's Integrated Financial Management Information System, which will have considerable impact on the City's timekeeping operations. The contractor's responsibilities will be:

"...to evaluate and formalize the City's financial management needs, to establish the City's financial management requirements, to evaluate the automated financial management systems that are available in the market place; and either to assist in selecting an appropriate commercially developed financial management system that would meet the City's needs or to recommend changes in the City's existing financial management system or to recommend the development of a new system that would better meet the City's needs."

The financial system categories to be reviewed include, but are not necessarily limited to the following:

- a. Fund Accounting
- b. Budgetary and Appropriation Accounting
- c. Cash Management
- d. Revenue Accounting
- e. Grant Fund Accounting \*
- f. Accounts Receivable
- g. Accounts Payable
- h. Fixed Asset Accounting
- i. Check Reconciliation
- j. Cost/Project Accounting \*
- k. Cost and Revenue by Councilmanic District
- l. Interface with the purchasing and inventory systems.

\* These categories have extensive implication on City timekeeping operations.



ATTACHMENTS

1. Bureau of Street Lighting - Labor reporting time sheet used Daily only for payroll purposes.
2. Bureau of Street Lighting - Labor reporting time sheet used Weekly only for project and performance reporting.
3. Department of Water and Power - Combined labor reporting time Daily sheet used for payroll and project reporting.
4. Department of Airports - Combined labor reporting time sheet Daily used for payroll and project reporting.
5. County of Los Angeles - Combined labor reporting time sheet used for payroll and project reporting.
6. Bureau of Street Maintenance - Combined labor reporting time Daily sheet used for payroll and project reporting.
7. Daily time is posted to this sheet for two weeks. The summarized totals are then transferred to Bi-Weekly Payroll/Reimbursement Work Sheets.
8. This is the final timekeeping document prepared. Data is key punched from this document for payroll.
9. Employee Journal.



## WEEKLY TIME SHEET

7301  
DEPT004  
DIV.

STREET LIGHTING

DEPARTMENT NAME

07 09 26 20  
PP

APPROVED

7/27/1981

SSN	EMPLOYEE NAME	VAR	HRS	R	OT	ACT SHIFT
0569319332	ARJMAND	R	6			6000
0572132581	CLARKIE	A	8	X		6000
0505344994	DALLAS	S	8	X		6110
0566543246	HENDERSON	L	S			6000
0585127690	JARAMILLO	R				6000
0455202640	KEIJINA	J	5	K	4	C
0551924322	LAITTA	S	X			6990
0555906777	SARADJIAN	V	25	K	2	G
0573526810	SASAKI	H	H			6110
0562202603	SPINDLER	F	H	X		6100
0419124125	STONE	R	8			6150
0561255159	THAINTERAPHONG	F	X			6990
0025146977	THOMASIAN	L				6130
0548359469	YI	K	O			6699
555906777	SARADJIAN	V	25	V	C	20

Attachment 1

BUREAU OF STREET LIGHTINGLabor reporting time sheet used only for  
payroll purposes

## VARIATION CODES

HW HOURS WORKED  
HO HOLIDAY WORKED  
ST OT WORKED (H.S.)  
CH OT WORKED (H.D.)  
CO OT WORKED (O.D.)  
AW ABSENT WITHOUT PAY

FI FAMILY ILLNESS  
OD OVERTIME  
JO JURY DUTY  
LP LEAVE WITH PAY  
LO LEAVE NO PAY  
ML MIL LEAVE NO PAY

PM PREVENT MEDICINE  
SK SICK TIME  
SP SUSPENSION  
TO OVERTIME OFF (H.S.)  
TS OVERTIME OFF (H.D.)  
VC VACATION



## WEEKLY TIME SHEET

Attachment 2  
STREET LIGHTING

AYE'S - - - L E  
EMPLOYEE NAME

7301 306 . 97 39 27 90 0547441348 0170 7207  
DIV. PP ACT CLASS

MYERS J.  
POS NO.    EMPLOYEE NAME

Attachment 2  
BUREAU OF  
STREET LIGHTING

- Labor reporting time sheet used only for project and performance reporting.

SAMPLE

TITLE / COMMENTS / HOURS WORKED	
79564	BREAK
79564	7.20 IN EMPLOYEE
59564	HOLLYWOOD-NORMANDIE TO WESTERN
59564	" " " "
49179	R.DONDO & EXPOSITION
71755	VALJEAN & SATISFY ST. L.D.
59588	WESTERN-1ST TO 19TH
91814	HOLLYWOOD & FORMICA TO 610 L.A. BLDG.
59585	SUNSET MONICA-KINKEST ST. STUDIO
59587	LA RIVIERA OLYMPIC TO 50TH ST.
49745	HOLLYWOOD BL. E/F/C
8-3825	W.H.HOUSE & GARDEN L.D.
79683	RIDGELEY & COLISEUM L.D.

Mr. De Garmo.

**VARIATION CODES - TO BE USED BY SUPERVISORS**

1. **ENTITLEMENT TO  
BREAVEMENT LEAVE  
FOR FAMILY FUNERAL  
OR BID TIME**

21. LEAVE CITY  
22. LEAVE WITH PAY  
23. LEAVE NO PAY  
24. LEAVE WHO PAY

LEAVE WITH FAY  
PREVENTIVE MEDICINE  
SICK TIME  
SUSPENSION

TC OVERTIME OFF (1.5)  
TS OVERTIME OFF (1.0)  
VC VACATION  
WC WORK COMP

HW WORK TIME  
HO HOLIDAY WK  
OT OT WORKED (1.5)  
OH OT WORKED (HLDY)  
OS OT WORKED (1.0)



PAYROLL 69-95

ORG. CODE 56150

ORGANIZATION NAME

## MANAGEMENT SYSTEMS

DAY 11

DATE 9/17/90

145285  
Fred R. Castaneda  
Ext. 5260

TIME STREET  
6905 B

### Attachment 3

DEPARTMENT OF WATER AND POWER

## Combined payroll and project time report

C. JENNINGS

卷之三



## Attachment 4

## DEPARTMENT OF AIRPORTS

Combined payroll and project time report.

0170345

564-54-0862

30

## DAILY TIME REPORT

(23) 24

DATE Oct 6, 1980

T.L. COLEMAN

REGULAR TIME				OVERTIME				ACCOUNT DISTRIBUTION			
ON DUTY	"D"	"S"	"G"	FROM	"D"	"S"	"G"	ATL	HOURS	ACCOUNT NUMBER	
			8		0630						
SICK TIME				TO	1100						
PERSONAL			SK								
FAMILY			FI								
HOLIDAY OFF			HO	HOURS		ACCOUNT NUMBER		CODE PO			
OVERTIME OFF			TS	4 1/2	0.4016.01.91			O.T. HOURS			
NO COMPENSATION			AW								
REASON											
INJURY ON DUTY			ID	REASON:	Absent & Reports				SICK	.4116.0 .91	
VACATION			VC						HOLIDAY	.4123.0 .91	
BEREAVEMENT			BL	AUTHORIZED BY:	<i>John Mayfield</i>				IOD	.4114.0 .91	
JURY DUTY			JD	APPROVED BY:	<i>John Mayfield</i>				VAC	.4115.0 .91	
									B/L	.4121.0 .91	
									JURY	.4122.0 .91	

SIGNED

EMPLOYEE

Elmer H. Hill 7556  
SUPERVISOR



Attachment 5.

COUNTY OF LOS ANGELES

Combined payroll and project time report



## DAILY TIME, WORK AND MATERIAL REPORT

110

STREET MAINT GENERAL  
DEPARTMENT NAME

02 24 78

APPROVED

REPORT  
John W. Cleare

— 100 —

(0) Scum

**Attachment 6**

## BUREAU OF STREET MAINTENANCE

Combined labor reporting time sheet used for payroll and project reporting.

AW ABSENT W/O PAY	IB 100 TIME	ML MIL LEAVE W/O PAY	PM PRESENT MEDICINE	VE VACATION
BL BERMAY LEAVE	JD JURY DUTY	MP MIL LEAVE W PAY	SD SICK TIME	
FI FAMILY ILLNESS	LP LEAVE W PAY	OF OT WORKED (1/2)	SP SUSPENSION	
HR HOURS WORKED	LW LEAVE W/O PAY	PA OT (1/2) WORKED & PAID	TE TERM CLOUT AND NO PAY	



WEEKLY CREW TIME SHEET EXCEPT

1911-12

1201

4

ATTORNEY \_\_\_\_\_  
DEPARTMENT NAME \_\_\_\_\_

05

48.37.80  
W.H. ENGLAND

卷之三

DEPARTMENT NAME

05

09-05-8

09 05 80

100

1

Attachment 7

Daily time is posted to this sheet for two weeks. The summarized totals are then transferred to Payroll/Reimbursement Work Sheets.

MP	MIL LEAVE WITH PAY	PG	DT W/ PAY
NP	NEW OIL TRANSFER	PM	DT/NEW OIL
PA	OT WORK & PAY 11.51	PO	PAY OT 11.51
PH	OT WORK & PAY 11.00	PS	PAY OT



OUR LUS ANULLES

68161 BUREAU OF INVESTIGATION

**- PAYROLL/REIMBURSEMENT WORK SHEET**

Attachment 8

This is the final timekeeping document prepared. Data is keypunched from this document for payroll.



Attachment 9  
Employee Journal



# BI-WEEKLY TIME SHEET

STAFFING PC

6221 073 4/15/71 53-246121

EMPLOYEE NAME

DEPT.

DIV.

PP

1/18 END DT.

SSN

VAR CODE	ACT	WORK ORDER NUMBER	TOTAL HRS	TITLE/COMMENTS/HOURS WORKED																														
				16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31															
HN	66	01001	15-	19	5-																													
JI	66	01001	8.5-	4-	13-																													
JI	66	01001	17-	1-																														
PA	66	01001	2-																															
ST	66	01001	1-																															
SR	42		10-																															
VC	46		10-																															
HC																																		
OT																																		

## Attachment 10

### Bi-weekly Time Sheet (Proposed)

This single bi-weekly time sheet can supply all of the required labor information for the payroll, project cost, and performance reporting systems. Use of the form will eliminate the many daily and weekly forms now in use, the unnecessary posting operations and extra keypunching operations.

*John Smith*  
EMPLOYEE SIGNATURE

### VARIATION CODES TO BE USED

*John Smith*  
SUPERVISOR SIGNATURE

ABSENT WITHOUT PAY  
EXCUSENCE LEAVE

JD JURY DUTY  
LP LEAVE WITH PAY

MP MIL LEAVE WITH PAY  
PM PREVENTIVE MEDICINE

TO OVERTIME OFF (1.5)  
TS OVERTIME OFF (1.0)  
VC VACATION

HW WORK TIME  
HO HOLIDAY PAY  
OT OVERTIME WORKED (1.5)  
OT OVERTIME EXTRAS (1.5)

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